Company Registration No. 08449586 (England and Wales)

SULNOX GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

SULNOX GROUP PLC

COMPANY INFORMATION

Directors	Mr R Florescu	(Appointed 4 December 2020)
	Mr A Granger	(Appointed 4 December 2020)
	Ms K Robinson	(Appointed 4 December 2020)
	Mr B Richardson	(Appointed 23 February 2021)
	Mr S Cowin	(Appointed 9 August 2021)
Secretary	Ms K Robinson	(Appointed 4 December 2020)
Company number	08449586	
Registered office	10-12 Orange Street London UK WC2H 7DQ	
Auditor	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE	
Registrar	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR	
Bankers	HSBC UK Bank PLC 6 Commercial Way Woking GU21 6EZ	
Nominated advisor	Allenby Capital 5 St Helen's Place London EC3A 6AB	
Solicitors	Bracher Rawlins LLP 77 Kingsway Holborn London WC2B 6SR	
Company website	https://sulnoxgroup.com	

SULNOX GROUP PLC

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SULNOX GROUP PLC

CHAIRMAN’S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company remains the creation of proprietary and essential chemical formulations, furthering the research and development of the company’s emulsion science.

BUSINESS REVIEW

In many years shareholders like to focus on the simple financial numbers as a way of assessing how acompany is progressing. This financial year is definitely not one of those years.

As the financial year to 31st March 2021 progressed, a number of large shareholders made it clear that the management team were not moving the company forward in the correct way or indeed fast enough. Matters came to a head in the autumn of 2020 and three shareholders requisitioned a General Meeting of the shareholders and proposed a "vote of no confidence" in the entire board of directors. This vote was overwhelmingly carried and your new board was appointed on December 4th 2020.

The first task of the new directors was to have a thorough review of the company and not only decide what needed to be done but implement it as soon as practical. As a result, looking at the accounts to the 30th March 2021 is simply looking at a picture of the past and not particularly helpful. As your Chairman, might I suggest that you read all the 21 Regulatory News Service (RNS) announcements that have been published by the new team since December 2020, which show how fast the company is moving forward and what has been achieved in such a short passage of time. These RNS’s can be seen on the investor section of our website - https://sulnoxgroup.com/

Clearly, the SulNOx products work, but the world we live in requires written and certified proof of these factsby independent third parties in addition to client testimonials. Therefore, during 2021, Bureau Veritas(a 78,000 strong, world class specialised testing, inspection and certification group) was commissioned and subsequently certified that using our SulnoxEco Fuel Conditioner does not take the mixed fuel outside the regulatory parameters of Diesel, Petrol and Biofuels. What this means for the shareholders of the SulNOxGroup, is that our products can improve the performance of all these hydrocarbon fuels, whilst reducing their toxic emissions. Indeed, SulNOx can save users money and save our planet at the same time.

The SulNOx Group does not manufacture its products, which are continuing to be made by Nouryon. In order to maximise revenues in the shortest time period, we will continue to sell product through Independent Sales Organisations (ISOs). Please read the RNS releases to see recent announcements around the four newcollaborations.

The company will now also be collaborating with The Hythe Group who have all the Marine Engineering capability that our company needs as the future unfolds. This is an important step forward in further professionalising our offerings to the vast market that is the maritime sector.

In terms of the balance sheet, any shareholder or investment observer, looking at our accounts will quickly appreciate that there was not enough cash to drive this company forward. The new team identified how much capital will be required to make the dreams of The SulNOx Group become a reality.

It is therefore my pleasure, as your Chairman, to ask you to read the RNS dated 13th July 2021 in which itstates that a total of £2.59m has been raised to further the business of The SulNOx Group. I wish to thank Ben Richardson and all the directors for their outstanding work and I hope all the shareholders will be happyto applaud it. The future of our "Green Technology" company will become increasingly understood and heard in the year ahead.

DEVELOPMENTS SINCE DECEMBER 2020

In the years between 2013 to 2019 when we referred to "trials" the understanding was that potential new customers were seeing whether our products were "fully developed". Over the last twelve months a construction company has used SulNOx's eco-conditioner in its fuel. They have driven over a 1.2 million miles and have saved 8-10% in fuel and maintenance costs whilst also dramatically reducing their toxic emissions.As we trial in the future we are simply asking companies to see how much they can save themselves whilst contributing to improving air quality. There are circa 11 billion litres of Diesel & Petrol used each and every day worldwide. With a proven product available today, a global market of unimaginable size awaits us and we now have the funds in our Balance Sheet to deliver the dream.

Without doubt the last twelve months have been dominated by the COVID-19 pandemic and the SulNOx Group has been badly affected by this global crisis. To add to this, as mentioned previously, some of the large shareholders asked for the removal of the CEO, who in their opinion was not the person to take the company to where it needed to be. The Board of directors at the time, responded badly to this request and as a result, a General Meeting of shareholders was required and this led to a completely new team being appointed.

Since December 2020, the information flow has become ever more positive and as the Chairman of theBoard, I would like to emphasise the dramatic and exciting developments that are now visible, from the steady stream of RNS announcements that have been issued:

- The SulNOx Group and Nouryon have extended their License agreement for a further three years. The significance of this is extremely important, as it means that SulNOx does not have to take the responsibility for manufacturing and blending our unique environmental chemical products for a further three years.
- A Collaboration Agreement with the Rigworld Group of Ghana has been announced and their intention is to take the proprietary technology of the SulNOx Group throughout the continent. In fact, Dr Kofi Amoa-Abban, the CEO of Rigworld, wishes to bring the Green Revolution to all of Africa and indeed beyond.
- A&S International, who have 50 distributors in 40 countries, have agreed to become an ISO for the SulNOx Group.
- Remnox, based in Scotland, has agreed to become an ISO and has already created over 140 outlets and wishes to sell way beyond the confines of their nation.
- The SulNOx Group has been accepted onto the Apex Section of Aquis Exchange as its 21st member. This is a major step forward in the recognition of our Green/Environmental business.
- Bureau Veritas, have confirmed that Diesel with the SulNOxEco Fuel Conditioner does not breach the EN590 Guidelines.
- Bureau Veritas also confirms that Petrol with the SulNOxEco Fuel Conditioner does not breach the EN 228 Guidelines.
- Bureau Veritas has certified that High FAME B20 & B30 diesel fuels using the SulnoxEco™ Fuel Conditioner are compliant with EN16709. These "Biodiesel Fuels" are critical in the path to Zero Emissions by 2050.
- In the last three years, the company has filed both UK and Worldwide Patents and to date there have been no challenges to the uniqueness of our proprietary technology.
- Twelve months ago, we were in talks with a handful of potential customers but today that figure ismore than 250.s

- Raising approximately £2.59 million, providing SulNOx with the required resources to accelerate our growth plans (including in the USA) and capitalise on the increasing number of market opportunities:

    -We can now expand our Research and Development further including into biofuels and oil reclamation products where we have other unique offerings and considerable revenue potential

    -We have engaged a specialist Public Relations and Public Affairs firm to promote the relatively unknown SulNOx brand further

    -Our newly established outsourced direct salesforce is already winning new clients daily; and

    -We have hired Steven Cowin as our full-time CFO to further strengthen and professionaliseour Board. Other key hires are in the wings.

As the SulNOx Group continues its current financial year, the foundations have been put in place for us to become recognised as a major ESG (Environmental, Social & Govsernance) story and with the COP 26 meeting coming up in Glasgow in November, our story is going to become increasingly recognised.

The politicians of the world want Zero Emissions by 2050 and they may or may not achieve that goal. For the shareholders of the SulNOx Group, we can currently offer the world c.30% reductions in toxic emissions in 2021 and save users money at the same time. The company's story has always been excellent, but the year ahead looks very exciting indeed. As previously stated it is the Board's intention to consider the admission of the Company's ordinary shares to trade on the London Stock Exchange AIM market.

Radu Florescu – Chairman

17 August 2021

The directors present their strategic report for Sulnox Group plc (the "Company") for the year ended 31 March 2021.

Principal activity

Sulnox Group plc is an Environmental Science and Technology company quoted on the Aquis Stock Exchange ("AQSE") APEX Growth Market. Its shares were admitted to trading on AQSE on 17 December 2019.

The Company's principal activity is the development of fuel emulsifier technologies to enable users to significantly reduce harmful greenhouse gas and particulate matter emissions and to help consumers to towards their net zero and other ESG (Environmental, Social and Governance) objectives. SulNOx is an 'energy transition environmental stock' that quickly delivers significant and evidenceable results. Whilst the product is effective on all liquid hydrocarbon fuels and biofuels, the immediate global sales strategy focuses on transportation (road haulage, logistics, public transport etc), marine (commercial and leisure), oil and fuel distribution and storage companies, mining, generators and agriculture sectors that are heavy polluters desiring climate change and emission reduction.

Business review

The Statement of Comprehensive Income and Statement of Financial Position for the year are set out onpages 20 and 21 respectively. A review of developments affecting the Company during the year and of its prospects for the future appear in the Chairman's Statement on pages 1-3.

The Group is not yet selling to customers (other than small trial volumes), therefore has low revenues to report for the current year. During the year ended 31 March 2021, the loss before tax decreased from £1.81 million to £0.85 million due to the efforts of the new board in ensuring the overheads were rationalised and controlled. The net decrease in cash in the period was £45,463 (2020: £119,107) resulting in cash and cash equivalents as at 31 March 2021 of £42,271 (2020: £87,734).

Key performance indicators

The Key Performance Indicators ("KPIs") for the Company are listed as follows:

	2021	**2020**
Earnings/(loss) per share	(0.96 pence)	(2.19 pence)
(i.e below one penny per share for 2021)		

Prior to 2020 the Company was developing and testing the products and applying for patents and therefore sales were minimal. Comparing figures for previous years are therefore not meaningful. During the period under review, the Company made significant changes at Board level and has instituted a new strategy going forward, to recapitalise the company and to invest in key areas to ensure growth in sales. Going forward, the monitoring of cash and the return on investments will become key performance indicators that the Board will use as a basis to monitor performance of the company.

Future developments

The Chairman's Statement provides information on the outlook for the Company.

Principal risks and uncertainty

The Company's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The Board is responsible for approving the Company's strategy and determining the appropriate level of risk. The key risks which the Company faces are now formally reviewed quarterly and detailed as follows:

Business and sales performance risk

Business performance risk is the risk that the Company may not perform as expected either due to internal factors or due to competitive pressures in the markets in which we operate. The Company seeks product sales to companies and Government agencies with needs to reduce their costs and emissions. The Directors identify suitable sales opportunities and independent sales organisations (ISOs) in accordance with our marketing and sales strategy.

Business and sales performance risk (continued)
By their nature, smaller businesses, whether quoted or unquoted, are more volatile than larger, more established businesses and less robust to withstand economic pressures. SulNOx takes actions to keep the cost base low and secure revenue streams. Independent sales organisations (ISOs) continue to grow in number and maturity with regular, active monitoring of creditor and cash forecasts via the Board.

The risk is that the Company's sales strategies may encounter circumstances that result in a loss of value which could in turn damage the Company's share price.

The Board is of the view that obtaining timely information on the position of its ISO's (Independent Sales Organisations) sales initiatives is the most effective management tool and to reduce this risk has put in place monitoring reports on the performance of, and regular dialogue with the ISO's contracted to it. SulNOx now mitigates contractual risk through agreements drafted by Bracher Rawlins.

Market conditions
Market conditions, especially in the context of the COVID-19 pandemic, may have a negative impact on the Company's ability to enter new markets on a global scale, thereby not generating acceptable returns.

This risk is mitigated by pre-selection of more open markets and economies, and the establishment of local ISO's to service businesses locally and regionally. Also to partner global organisations with existing infrastructure in the markets we intend to operate in. The risk that Nouryon cannot supply product is limited by their global network. Written guarantees to supply product has subsequently been received by Nouryon

Brexit
The UK's withdrawal from the European Union is likely to lead to increased market volatility and could make it more difficult to do business in Europe. However, the likely future impact is difficult to assess at this stage but the Company will continue to monitor the situation closely. Current indications are that delivery times and therefore payment times have significantly been impacted, and this risk is being closely monitored. The DIT has played a major role in advising on pitfalls and transport for export.

COVID-19
It is clear that the spread of the COVID-19 coronavirus has had and will have a material impact on many economies globally both through the effects of the virus itself and the measures taken by governments to restrict its spread.

The principal impact of COVID-19 on the Company's operations, however, is limited such that it has only slowed down the speed with which the Company can progress new markets. It is too early to say what impact COVID19 will have on the Company, other than personnel being unable to attend in person certain trials and demonstrations where COVID19 is present.

Funding Risk
During the new Board transition period shareholders funded the company going forward, with a view to raising further funds at a later late once the Company had been redirected. The Group is dependant on securing additional funding and there is no certainty that such funds will be obtained. Post this reporting period, the appropriate funds have been raised.

Licensing and title risk
Sulnox technologies are patent pending and the registration of new technologies following research and development are open to challenge. There is always a risk that ISO's, albeit independent, may cause conflict for the Company. This is mitigated by legal and insurance liability cover.

Promotion of the Company for the benefit of the members as a whole
The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interest of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others;
- Consider the impact of the Company's operations on the community and the environment.

During the period to 31 March 2021 the Company has sought to act in a way that upholds these principals. The Directors believe that the application of S172 requirements can be demonstrated in relation to some of the key decisions made and actions taken during 2020. The Company is also committed to the ten principles of corporate governance as practices by the AQSE market.

Category	**How the directors have engaged**	**Impact of action**
Shareholders and investors	The Directors have communicated regularly with its shareholders and investors via public announcements and the publication of interim statements. The Company has raised additional funds from shareholders in order to ensure that it is well positioned to continue operations during its new Board transition phase and to protect the shareholders' investments whilst generating attractive returns for investors in the future.	The Company's share price has been maintained during the period and it is in a good financial position going forward as a result of the fund raise in July 2021.
Suppliers	The Company has focused on developing long term and mutually beneficial relationships with its suppliers	Relationships have been maintained with all suppliers in place at the beginning of the period. There is a fortnightly call between SulNOx and our chemicals manufacturer Nouyron
Employees	Whilst the Company is small, it makes sure that it works closely with its employees and directors, keeping them all closely and regularly informed of all developments at the Company	There has been a change in personnel during the period.

The Company is a quoted early-stage company and its members will be fully aware, through various announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions. The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds. The Company promotes the concept of ESG (Environment, Sustainability, Governance) to its employees, shareholders and suppliers. Our products and ethos provide an opportunity to impact on the community and the environment.

This strategic report was approved by the board of directors and signed on its behalf

....
Ben Richardson - CEO
Director
17 August 2021

The Directors present their report and the audited financial statements for the year ended 31 March 2021

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Anthony Granger	Non-Executive Chairman (appointed 4 December 2020) CAO (appointed 28 May 2021)
Kiesha Robinson	Independent Non-Executive Director and Company Secretary (appointed 4 December 2020)
Radu Florescu	CEO (appointed 4 December 2020; resigned 28 May 2021) Non-Executive Chairman (appointed 28 May 2021)
Ben Richardson	Director (appointed 4 December 2020) COO (appointed 23 February 2021) CEO (appointed 28 May 2021)
Nigel Armitt	CFO (appointed 4 December 2020; resigned 15 June 2021)
Nicholas Nelson	CEO (appointed 12 November 2018 resigned 21 September 2020; appointed Director 23 October 2020; resigned 4 December 2020)
Simon Retter	CFO (appointed 11 April 2019; resigned 4 December 2020)
Ingeborg Petersen	Independent Non-Executive Director (appointed 14 November 2018; resigned 23 October 2020)
Graham Lyon	Independent Non-Executive Chairman (appointed 17 December 2019; resigned 23 October 2020)
Stephen Bamford	Company Director (appointed 21 October 2013; resigned 28 May 2020)
Steven Cowin	CFO (appointed 9 August 2021)

The Directors' biographies can be found on pages 11-12.

Dividends

The Directors do not recommend payment of a dividend for the period ended 1 April 2020 to 31 March 2021 (2020: £ nil).

Directors' remuneration

The total remuneration of the Directors for the year was as follows:

	Fees/salary **£**
Nicolas Nelson	£93,600
Graham Lyon (Soncer Ltd)	£36,000
Simon Retter	£45,200
Ingeborg Petersen (Danders & More)	£12,000
Anthony Granger	£10,000
Radu Florescu	£10,000
Ben Richardson	£9,617
Kiesha Robinson (Noy Consulting)	£6,666
Nigel Armitt (Resource Solutions)	£7,000

Of these fees, £9,617 (2020: £nil) remains unpaid to Ben Richardson at the year end.

Pensions

The Company had a pension scheme in place with 2 members during the period under review.

Directors' interests

The following current Directors had interests in the shares of the Company at the end of the year.
Ben Richardson 1,000,000 shares
Anthony Granger 120,334 shares
Radu Florescu 200,000 shares

Option scheme

On 14 May 2019, the Company adopted an unapproved share option scheme and made a grant of options to directors. A summary of the option granted to each director is shown below. See note 29 for further details on the options.

Date of Unapproved Share option Scheme	**Name**	**Number of Options**	**Price of Options in pence**
14 May 2019	**Nicholas Nelson**	**1,000,000**	0.02
14 May 2019	**Simon Retter**	**500,000**	0.02
Total Options		**1,500,000**	

Remuneration policies

The remuneration policies were introduced from 1 January 2021 and it is intended that these policies will be continued for the next and subsequent years subject to any acquisition. The Directors' Remuneration Report for the period ended 31 March 2021 and the Directors' Remuneration Policy are to be approved by the shareholdersat the Annual General Meeting to be held on 7 September 2021.

The remuneration policy is designed to attract, retain and motivate executive Directors and senior managementof a high calibre with a view to encouraging commitment to the development of the Group and for long term enhancement of shareholder value. Remuneration packages take into account individual performance and the remuneration for similar jobs in other comparable companies where such companies can be identified. Thiswould also be taken into account on appointment of any new Directors. The Board believes that share ownershipby executive Directors and senior staff strengthens the link between their personal interests and those of shareholders and, although awards have in the past been made under a share option scheme to employees, it isthe Board's intention to revise this and implement a long-term staff share option scheme. This scheme will have challenging performance conditions and will be designed to align the interests of all SulNOx employees to thoseof its shareholders.

The level of Director remuneration will be reviewed annually, and will cover base salaries, bonuses and share-based incentives.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 36 to the financial statements and covered in the outlook section of the Chairman's Statement.

Future developments

The Chairman's Statement on page 2 provides information on the outlook of the Company.

Substantial shareholdings

As far as the Directors are aware, as at 31 July 2021, the following shareholders are interested in 3% or more of issued share capital of the Company.

Shareholder	Number of Ordinary Shares of 0.02 p each	% of Issued ShareCapital
Nistad Group AS	12,500,000	13.28%
Stephen Bamford	9,125,000	9.69%
James Redman Jnr	7,520,000	7.99%
Richard Leggatt	7,190,000	7.64%
Rodney Weinberg	6,617,661	7.74%
Angela Bravo	6,028,735	7.06%
Unicorn AIM VCT plc	5,667,000	6.02%
Gary Bostock	5,074,058	5.39%
WB Nominees Ltd	3,310,000	3.52%
Beverley Shortt	2,875,000	3.05%

Going concern

As at 31 March 2021, the Company had a cash balance of £42,270. As a business dependent on sales which had negligible income during the period (it was coming out of an R & D and testing phase), the Company has limited operating cash flow and required shareholders to inject further capital after the Board was replaced, and until its successful capital raise in July 2021. Annualised normal running costs of the Company are projected to be circa £1,000,000. As at the date of this report, the Company had approximately £2.2 million of cash at bank.

The Directors are therefore of the opinion that the Company has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Company's employees can carry out their duties remotely, via the network infrastructure in place. During the COVID-19 pandemic there was disruption to the Sales operation of the Company due to social distancing and working from home restrictions. All key business operating functions continued to operate at normal capacity, other than sales and onsite testing.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 Company and the financial performance and cash flows of the Company for that year.

The financial statements are required by law, and IFRS as adopted by the EU, to give a true and fair view of the state of affairs of the Company.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether in preparation of the financial statements the Company has complied with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company 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. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

The Company is committed to maintaining the highest standards in corporate governance throughout its operations and to ensure all of its practices are conducted transparently, ethically and efficiently. The Company believes scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and deliver value to shareholders. Therefore, and in accordance with the Aquis Growth Market Apex Rule Book, (the "AQSE Rules"), the Company has chosen to comply with the UK's Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code"). These principles are disclosed on our website in the Corporate Governance documents section.

Statement of disclosure to auditor

Each Director in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he / she ought to have taken as a Director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Independent auditor

Jeffreys Henry LLP were appointed as auditor and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Board of Directors

As at the date of this report, the Board of Directors comprised:

Ben Richardson

CEO (appointed 28 May 2021, previously Director appointed 4 December 2020 and COO appointed 23rd February 2021)

A C-suite executive with previous Chief Operating Officer and Chief Commercial Officer roles with 20+ years banking experience including c.16 years at Deutsche Bank, specialising in Risk Management, Governance and Control including Regulatory requirement implementation and strategic infrastructure and business development transformations. Experienced with leading multidisciplined programmes with complex and evolving international interdependencies and communications.

Radu Florescu

Non-Executive Chairman and Independent Non-Executive Director (appointed 4 December 2020 as CEO and 28 May 2021 as Chairman)

An experienced CEO of International companies. American - French, Boston College School of Business graduate, has founded, developed and capitalised multiple successful companies and charities in America and Europe. Decades of international experience in trading, account executive, business development and management in the fields of manufacturing, marketing, power generation and fuels.

Kiesha Robinson

Independent Non-Executive Director (appointed 4 December 2020)
Independent Non-Executive Director & Company Secretary

Commercial legal consultant with experience across sectors, contract negotiation specialist with extensive knowledge of the media and tech industries, intellectual property, banking practice and regulation. International Trade, the oil and gas markets and associated exchanges.

Prof. Anthony (Tony) Granger

Chief Corporate Administration Officer (CAO) (appointed 28 May 2021); previously Non-Executive Chairman and Independent Non-Executive Director (appointed 4 December 2020)

Supreme Court of South Africa Advocate, visiting Professor at London (Metropolitan) Guildhall University Business and Law School, Freeman of the City of London, published author of many financial and business management books. Vast board level experience in business funding, development, strategy, management, audits, compliance, safety, risk management, security, regulation and governance.

Steven Cowin
Chief Financial Officer (CFO) and Director (appointed 9 August 2021)

An experienced Chartered Certified Accountant with more than 20 years' experience within international professional services and trading businesses, most recently within Aon PLC, where he worked for over 15 years. For the last decade he was CFO for the Global Risk Consulting division. He will assume responsibility for the Company's financial strategy and immediately focus on implementing the financial systems and controls necessary for the next stage of the Company's development.

This report was approved by the Board of Directors and signed on behalf of the board by:

....
Mr B Richardson
Director

Date: 17 August 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SULNOX GROUP PLC

Opinion

We have audited the financial statements of SulNOx Group PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of cash flows, the consolidated and company statements 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 their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors assessment of the entity's ability to continue to adopt the going concern basis of accounting included, as part of our risk assessment, review of the nature of the business of the group, its business model and related risks including where relevant the impact of the COVID-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the directors' plans for future actions in relation to their going concern assessment.

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

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

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. This is not a complete list of all risks identified by our audit.

This is not a complete list of all risks identified by our audit.

- Impairment of development costs
- Valuation of investment in and recoverability of amounts due from subsidiaries (parent only)

Key audit matter

Impairment of development costs

The Group acquired the exclusive rights to a suite of Emulsion Technologies, from Technologies & Systems, developed over 25 years, for a consideration of £10,000,000 in cash, to be paid at the rate of £1,000,000 per year for 10 years, subject to terms and conditions. In a subsequent agreement dated 18th October 2013, the outstanding consideration was satisfied by the placement of shares at value of £1.50 each and the Company (Group) assumed unencumbered ownership of the Emulsification Technologies. Subsequently, the Group incurred development costs of £48,984. The development costs are amortised over 25 years. Consequently, the group carried intangible assets of £8,279,545 (2020: £8,679,545) at the year-end relating to development costs.

The risk is that the useful economic life of the intangible assets may be different to the management assumptions or technological advancements may render its market value below its carrying value.

How our scope addressed this matter

We have performed the following audit procedures:

- confirmed cost and useful life by reviewing the underlying contracts for purchase of the intangible assets;
- performed a recalculation of amortisation charge for year;
- reviewed the group policy to ensure that amortisation was correctly calculated, policy adopted was in accordance with IFRS and appropriate for the type of asset;
- confirmed the useful economic life of the asset by reviewing and challenging assumptions made by management in determining the life of intangible assets across the group;
- reviewed the latest management accounts to assess post year end cashflows due to the technology and licenses held;
- reviewed cash flow forecasts for the foreseeable future to assess the potential future economic benefit from ownership of the intangible assets; and
- reviewed the net present value of future cashflows arising from the future revenue generating activities.

Based on the audit work performed we are satisfied, that although there are inherent uncertainties associated with the forecast and estimation of useful economic life of intangible assets, the directors have made reasonable assumptions about the valuation and useful economic life of intangible assets, based on past experience and expected future revenues. We are also satisfied that all necessary disclosures have been made in the consolidated financial statements.

Key audit matter	How our scope addressed this matter
Valuation of investments in and recoverability of amounts due from subsidiaries The parent company carried Investments in subsidiaries of £408,150 (2020: £408,150). The parent company also had amounts owed by subsidiary undertakings of £634,372 (2020: £543,614) at the year end. Management's assessment of the recoverable amounts from investments in and loans to subsidiaries requires estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the value of investment in the subsidiary, amounts recoverable from the subsidiaries and resulting impairment charges. The directors have assessed the recoverability of intercompany balances and have concluded that they are recoverable. There is a risk that the subsidiaries may not be able to trade as expected in the future and therefore the investment and the amounts recoverable may be impaired.	We have performed the following audit procedures: • reviewed management's assessment of future operating cashflows and indicators of impairment; • assessed the methodology used by management to estimate the future profitability of companies in the group and recoverable value of the investment, in conjunction with any intra-group balances, to ensure that the method used is appropriate; • assessed the reasonableness of the key assumptions used in management's estimates of recoverable value, in line with the economic and industry statistics relevant to the business; • confirmed that any adverse changes in key assumptions would not create a material impairment loss; • challenged cash inflows from revenue generating activities and the key assumptions applied in arriving at the expected revenues for the foreseeable future; • assessed the appropriateness and applicability of discount rate applied to the current business performance; • assessed the reasonability of cash outflows, including contracted costs, research expenditure and expected capital expenditure; • reviewed the latest management accounts for all entities in the group to confirm reasonability of assumption used in the cashflow forecast. Based on the audit work performed we are satisfied that the management have made reasonable assumptions in arriving at the value of the companies in the group based on net present value of future cashflow and the amounts are disclosed in accordance with the reporting framework, and no further impairment loss should be recognised in the parent company financial statements.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£93,000 (2020: £154,422).	£93,000 (2020: £144,558).
How we determined it	Based on 1% of adjusted Gross Assets (2020: based on an average of financial results and gross assets).	Based on 1% of Gross Assets (2020: based on an average of financial results, net assets and gross assets).
Rationale for benchmark applied	We believe that Gross Assets are a primary measure used by shareholders in assessing the financial position of the group, and is a generally accepted auditing benchmark.	We believe that Gross Assets are a primary measure used by shareholders in assessing the financial position of the group, and is a generally accepted auditing benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1,000 and £93,000.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £4,650 (Group audit) (2020: £7,721) and £4,650 (Company audit) (2020: 7,228) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of three reporting units, comprising the Group’s operating businesses and parent company.

We performed audits of the complete financial information for Sulnox Group Plc, Sulnox Fuel Fusions Limited and Sulnox Research and Development Limited, reporting units, which were individually financially significant and accounted for over 100% of the Group’s revenue and 100% of the Group’s absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units).

The Group engagement team performed all audit procedures.

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 our 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.

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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 directors

As explained more fully in the Directors responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and 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 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

The extent to which the audit was considered capable of detecting irregularities, including fraud

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

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the environment related sciences and technology sector.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental, health and safety legislation and anti-money laundering regulations.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 of the Group financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and the company's legal advisor.

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

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

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: https://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 Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Sanjay Parmar (Senior Statutory Auditor)
For and on behalf of 17 August 2021

Jeffreys Henry LLP
Finsgate 5-7 Cranwood Street
London
EC1V 9EE

SULNOX GROUP PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 as restated £
Revenue	3	17,896	42,666
Cost of sales		(12,382)	(33,986)
Gross profit		5,514	8,680
Administrative expenses		(861,217)	(1,823,064)
Operating loss	4	(855,703)	(1,814,384)
Income tax income	8	32,462	11,593
Loss and total comprehensive income for the year	33	(823,241)	(1,802,791)

Profit and total comprehensive income for the year is all attributable to the owners of the Parent Company.

	Notes	2021	2020 as restated
Loss in pence per share	9		
Basic		(0.96 pence)	(2.19 pence)
Diluted		(0.96 pence)	(2.19 pence)

The income statement has been prepared on the basis that all operations are continuing operations.

SULNOX GROUP PLC

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	2020 as restated £
Non-current assets			
Intangible assets	**11**	8,280,334	8,680,881
Property, plant and equipment	**13**	3,528	4,704
		8,283,862	8,685,585
Current assets			
Inventories	**17**	119,501	111,438
Trade and other receivables	**18**	36,332	51,602
Cash and cash equivalents		42,271	87,734
		198,104	250,774
Current liabilities			
Trade and other payables	**21**	261,399	139,327
Current tax liabilities		9,755	-
Borrowings	**23**	-	45,000
		271,154	184,327
Net current (liabilities)/assets		(73,050)	66,447
Net assets		8,210,812	8,752,032
Equity			
Called up share capital	**30**	1,710,057	1,695,782
Share premium account	**31**	11,049,435	10,781,690
Share based compensation reserve	**32**	307,439	307,439
Retained earnings	**33**	(4,856,119)	(4,032,879)
Total equity		8,210,812	8,752,032

The financial statements were approved by the board of Directors and authorised for issue on 17 August 2021 and are signed on its behalf by:

....
Mr S Cowin
Director

SULNOX GROUP PLC

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
Non-current assets			
Intangible assets	**12**	8,279,545	8,679,545
Investments	**15**	408,150	408,150
		8,687,695	9,087,695
Current assets			
Trade and other receivables	**19**	613,139	563,458
Cash and cash equivalents		876	70,168
		614,015	633,626
Current liabilities			
Trade and other payables	**22**	184,428	49,273
Borrowings	**24**	-	45,000
		184,428	94,273
Net current assets		429,587	539,353
Net assets		9,117,282	9,627,048
Equity			
Called up share capital		1,710,057	1,695,782
Share premium account		11,049,435	10,781,690
Share based compensation reserve		307,439	307,439
Retained earnings		(3,949,649)	(3,157,863)
Total equity		9,117,282	9,627,048

As permitted by s408 Companies Act 2006, the Company has not presented its own income statement. The Company's loss for the year was £791,786, (2020 loss of £1,571,960).

The financial statements were approved by the board of Directors and authorised for issue on 17 August 2021 and are signed on its behalf by:

....
Mr S Cowin
Director

Company Registration No. 08449586

SULNOX GROUP PLC

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital	Share premium account	Share based compensation reserve	Retained earnings	Total
		£	£	£	£	£
As restated for the year ended 31 March 2020:						
Balance at 1 April 2019		1,631,118	9,389,155	-	(2,319,718)	8,700,555
Prior period adjustment	**41**	-	-	-	89,630	89,630
As restated		1,631,118	9,389,155	-	(2,230,088)	8,790,185
Year ended 31 March 2020:						
Loss and total comprehensive income for the year (as restated)		-	-	-	(1,802,791)	(1,802,791)
Issue of share capital	**30**	64,664	1,392,535	-	-	1,457,199
Own shares acquired		-	-	307,439	-	307,439
Balance at 31 March 2020		1,695,782	10,781,690	307,439	(4,032,879)	8,752,032
Year ended 31 March 2021:						
Loss and total comprehensive income for the year		-	-	-	(823,240)	(823,240)
Issue of share capital	**30**	14,275	267,745	-	-	282,020
Balance at 31 March 2021		1,710,057	11,049,435	307,439	(4,856,119)	8,210,812

SULNOX GROUP PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital	Share premium account	Share based compensation reserve	Retained earnings	Total
		£	£	£	£	£
Balance at 1 April 2019		1,631,118	9,389,155	-	(1,585,903)	9,434,370
Year ended 31 March 2020:						
Loss and total comprehensive income for the year		-	-	-	(1,571,960)	(1,571,960)
Issue of share capital		64,664	1,392,535	-	-	1,457,199
Own shares acquired		-	-	307,439	-	307,439
Balance at 31 March 2020		1,695,782	10,781,690	307,439	(3,157,863)	9,627,048
Year ended 31 March 2021:						
Loss and total comprehensive income for the year		-	-	-	(791,786)	(791,786)
Issue of share capital		14,275	267,745	-	-	282,020
Balance at 31 March 2021		1,710,057	11,049,435	307,439	(3,949,649)	9,117,282

SULNOX GROUP PLC

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2021 £	2020 as restated £	2020 as restated £
Cash flows from operating activities					
Cash absorbed by operations	**39**		(324,702)		(1,516,360)
Tax refunded			42,219		11,593
Net cash outflow from operating activities			(282,483)		(1,504,767)
Financing activities					
Proceeds from issue of shares		287,600		1,476,849	
Share issue costs		(5,580)		(19,650)	
Repayment of borrowings		(45,000)		(71,539)	
Net cash generated from financing activities			237,020		1,385,660
Net decrease in cash and cash equivalents			(45,463)		(119,107)
Cash and cash equivalents at beginning of year			87,734		206,841
Cash and cash equivalents at end of year			42,271		87,734

SULNOX GROUP PLC

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash absorbed by operations	**40**		(306,312)		(1,387,031)
Net cash outflow from operating activities			(306,312)		(1,387,031)
Financing activities					
Proceeds from issue of shares		287,600		1,476,849	
Share issue costs		(5,580)		(19,650)	
Repayment of borrowings		(45,000)		-	
Net cash generated from financing activities			237,020		1,457,199
Net (decrease)/increase in cash and cash equivalents			(69,292)		70,168
Cash and cash equivalents at beginning of year			70,168		-
Cash and cash equivalents at end of year			876		70,168

1 Accounting policies

Company information

SulNOx Group PLC is a public Company limited by shares, domiciled and incorporated in England and Wales. The registered office is 10-12 Orange Street, London, UK, WC2H 7DQ. The Group currently operates under a full working from home policy and therefore there is no formal trading address. The Group's principal activities and nature of its operations are disclosed in the strategic report and the Directors report.
The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group consists of SulNOx Group PLC and its subsidiaries:

Sulnox Research and Development Limited
Sulnox Fuel Fusion Limited

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

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

The financial statements have been prepared prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Prior period error

The comparative data has been restated to correct material errors as follows:

Decrease accruals and administrative expenses for accrued commission for which performance targets had not been met: £45,000

Increase commissions received and accrued income for commissions earned but not received under an agency agreement: £30,483

Decrease trade payables for amounts not payable: £89,630

The effect of these corrections is a decrease in retained losses totalling £165,113.

1.3 Basis of consolidation

The consolidated Group financial statements consist of the financial statements of the parent Company SulNOx Group PLC together with all entities controlled by the parent Company (its subsidiaries) and the Group’s share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group Companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 Accounting policies

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Change in subsidiary ownership and loss of control
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Parent Company Income Statement
The Parent Company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual Income Statement.

1.4 Going concern

The financial statements have been prepared on the going concern basis, which assumes the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

At the end of the year the Group is in a significant net asset position of £8,210,812 which is broadly consistent with £8,752,033 (restated) in the prior period. Forecasts have been prepared for the next 12 months which show trading profits and positive cash flow.

As at 31 March 2021, the Company had a cash balance of £42,270. As a business dependent on sales which had negligible income during the period (it was coming out of an R & D and testing phase), the Company has limited operating cash flow and required shareholders to inject further capital after the Board was replaced, and until its successful capital raise in July 2021. Annualised normal running costs of the Company are projected to be circa £1,000,000. As at the date of this report, the Company had approximately £2.2 million of cash at bank.

The Directors are therefore of the opinion that the Company has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Company's employees can carry out their duties remotely, via the network infrastructure in place. During the COVID-19 pandemic there was disruption to the Sales operation of the Company due to social distancing and working from home restrictions. All key business operating functions continued to operate at normal capacity, other than sales and onsite testing.

1 Accounting policies

1.5 Revenue

Revenue for the sale of products is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue from the provision of the principal activities is recognised by reference to the stage of completion of the transaction at the reporting date where the amount of revenue can be measured reliably and sufficient work has been completed with certainty to ensure that the economic benefit will flow to the Group.

The Group also acts as an agent under an exclusive licensing agreement. Commissions and license fees are measured based on a contracted rate per unit. Commissions and license fees are recognised based on sales orders generated on behalf of its customer at the point that these orders are fulfilled.

The Group recognises revenue from the following major sources:

- Sale of stock
- Commissions and license fees

The nature, timing of satisfaction of performance obligations and significant payment terms of the Group's major sources of revenue are as follows:

Sale of stock

Sale of stock represents the sale of units of either BEROL 6446 950 KG WP IBC or SulNOxEco conditioner. Performance obligations are met when the customer receives the product.

The terms of payment are upon receipt of the units or within 14 days of date of invoice.

Commissions and license fees

Commissions represent agency fees due to the Group arising on generating sales of specific products; SulNOxEco conditioner and Berol 6446 emulsifier. Commissions are receivable at an agreed rate per kg.

Commissions are due to the Group as soon as, and to the extent that the supplier of the specified products receives for immediate value from or on behalf of the customer the price for the sale of these specific products. Commission is receivable no later than the end of the calendar month following the quarter in which it became due.

License fees represent royalty payments due to the Group in return for the use of a license to manufacture the products Armofuel 160 emulsifier. The royalty rate is calculated at a fixed fee per kg of the licensed product sold to customers and for which the customer has made payment.

The license fees are receivable on the last banking day of the second month following the month during which the licensed product was sold and paid by the customer.

1 Accounting policies

1.6 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

1.7 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Development costs - 4% straight line
- Trademarks - 25% straight line

Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis. The Group does not have any intangible assets with indefinite lives.

1.8 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.9 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	25% reducing balance
Research and development equipment	25% reducing balance

1 Accounting policies

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.10 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Parent Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.11 Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.12 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Cost is calculated using the weighted average method.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies

1.14 Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

The fair values of other financial assets at FVTPL are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

In determining whether financial assets are impaired the Group considers the following:

- significant financial difficulty of the counterparty
- default or delinquency in interest or principal payments
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments or observable changes in national to local economic conditions that correlate with default on receivables.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1 Accounting policies

1.15 Financial liabilities

The Group recognises financial debt when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group’s obligations are discharged, cancelled, or they expire.

1.16 Equity instruments

Equity instruments issued by the Parent Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the Company.

1.17 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end 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 is realised. Deferred tax is charged or credited in the income statement, 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 the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee’s services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.19 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.20 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

In the case of options granted, fair value is measured by a Black-Scholes pricing model.

1 Accounting policies

1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting estimates and judgements - Group

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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 assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements:

Bad debt provisions

Trade receivables are reviewed for impairment, where necessary, provisions for old debts are included in the financial statements. Calculation of these provisions requires judgements to be made, which include an estimation of the recoverable amounts.

Inventories

Inventories are valued at the lower cost and net realisable value. New realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

2 Critical accounting estimates and judgements - Group

Impairment of intangible assets
Management have considered various indicators that may suggest that the carrying amount of the intangible assets, may be impaired. The recoverable amount of the intangible asset has been determined to be the value in use based on the cash flows generated from the continuing operations of the entity. In performing this assessment, management has applied the following assumptions and estimates:

- cash flows have been projected over a period of ten years from 31 March 2021, which management considers appropriate due to the long-term nature of the target market and related returns;
- cash inflow projections reflect the following key assumptions:
- development of various sales channels over 8 months from August 2021 to 31 March 2022 will allow expansion in the B2C and B2B markets;
- revenues in the short to medium term are based on actual sales, high probability pipeline of potential clients, trials that are currently underway, trial proposed over the next 12 months and orders placed;
- for financial modelling purposes, it has been assumed that total revenue increases to approximately £19.3 million per annum in the ten years to March 2031;
- the growth rate for revenue is projected to be 10% from April 2025 to March 2031.
- gross margin is expected to be 50% from April 2023 to March 2031.
- cash outflows, include costs such as staff costs are expected to be in the region of £750k during the calendar year 2022, due to the hire of scientific research and development professionals, full time CFO and other administration staff. During 2023 costs are assumed to rise a further 15% due to business expansion;
- other costs included in the forecasts are marketing, cost of running trails and public relations costs and a portion has been estimated for one-off costs that may need to be incurred; and
- a pre-tax discount rate of 8% has been applied in discounting cash flows to their present value, which has been benchmarked against available sources for comparable companies.

Cash flow projections are most sensitive to the assumptions regarding:

- total revenue from various resources, mainly the independent sales organisations;
- fluctuations in gross margins; and
- changes in the discount rate.

At 31 March 2021, there is limited headroom in respect of the carrying value of the intangible assets. Should any of the future events and cash flow assumptions upon which management has based its value in use calculation not occur or change adversely, an impairment of the intangible assets would be necessary.

3 Revenue

An analysis of the Group's revenue is as follows:

	2021	2020 as restated
	£	£
Revenue analysed by class of business		
Fuel Emulsifier Products	12,175	12,183
Commissions and license fees receivable	5,721	30,483
	17,896	42,666

	2021	2020 as restated
	£	£
Revenue analysed by geographical market		
United Kingdom	17,896	42,666

4 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(1,288)	-
Depreciation of property, plant and equipment	1,176	1,568
Amortisation of intangible assets	400,546	402,459
Cost of inventories recognised as an expense	12,382	32,493
Impairment loss recognised on intangible assets	-	5,738
Share-based payments	-	307,439

The amortisation and impairment of intangible assets is included within administration expenses.

5 Auditor's remuneration

	2021	2020
Fees payable to the Company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	20,500	15,000
For other services		
Tax services	-	20,750
Other services	-	41,846
Total non-audit fees	-	62,596

During the prior year, the Group incurred non-audit fees from its auditor in respect of listing support, payroll implementation, general business consultancy and prior year corporation tax services. Non-audit services were provided prior to the Company's listing on the Aquis Exchange Growth Market.

6 Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2021 Number	2020 Number
	4	5

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	117,959	396,431
Social security costs	7,438	3,932
Pension costs	2,950	-
	128,347	400,363

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	117,959	88,992
Company pension contributions to defined contribution schemes	2,950	-
	120,909	88,992

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 0).

As total directors' remuneration was less than £200,000 in both the current and the previous years, there is no disclosure with regard to the highest paid director.

8 Income tax expense

	2021	2020
	£	£
Current tax		
Adjustments in respect of prior periods	(32,462)	(11,593)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2021	2020
	£	£
Loss before taxation	(855,703)	(1,814,384)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(162,584)	(344,733)
Effect of expenses not deductible in determining taxable profit	2,617	-
Unutilised tax losses carried forward	159,967	344,733
Research and development tax credit	(32,462)	(11,593)
Taxation credit for the year	(32,462)	(11,593)

The Group have unused tax losses of £3,493,127 (2020 restated: £2,652,910). A deferred tax asset has not been recognised in respect of these losses because it is not yet probable that the losses will be utilised in future periods. Therefore, the Group has an unrecognised deferred tax asset of £664,364 (2020 restated: £504,947).

9 Loss per share

	2021	2020 as restated
	£	£
Number of shares		
Weighted average number of ordinary shares for basic loss per share	85,323,333	84,789,093
Loss (all attributable to equity shareholders of the company)		
Continuing operations		
Loss for the period from continued operations	(823,241)	(1,802,791)
Loss per share for continuing operations		
Basic and diluted loss per share	(0.96 pence)	(2.19 pence)
Basic and diluted loss per share		
From continuing operations	(0.96 pence)	(2.19 pence)

The loss attributable to equity holders (holders of ordinary shares) of the Company for the purpose of calculating the fully diluted loss per share is identical to that used for calculating the loss per share. The exercise of share options would have the effect of reducing the loss per share and is therefore anti-dilutive under the terms of IAS 33 ‘Earnings per Share’.

10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2021	2020
	£	£
In respect of:		
Intangible assets	-	5,738
Recognised in:		
Administrative expenses	-	5,738

11 Intangible assets - Group

	Goodwill	Development costs	Patents & licenses	Total
	£	£	£	£
Cost				
At 1 April 2019	43,424	10,045,984	2,185	10,091,593
At 31 March 2020	43,424	10,045,984	2,185	10,091,593
At 31 March 2021	43,424	10,045,984	2,185	10,091,593
Amortisation and impairment				
At 1 April 2019	43,424	958,788	303	1,002,515
Charge for the year	-	401,913	546	402,459
Impairment loss	-	5,738	-	5,738
At 31 March 2020	43,424	1,366,439	849	1,410,712
Charge for the year	-	400,000	546	400,546
At 31 March 2021	43,424	1,766,439	1,396	1,811,259
Carrying amount				
At 31 March 2021	-	8,279,545	789	8,280,334
At 31 March 2020	-	8,679,545	1,336	8,680,881

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

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

Goodwill of £43,424 arises on consolidation as a consequence of the Company’s acquisition of subsidiary Sulnox Research and Development Ltd. The goodwill has been fully amortised in prior periods.

Details of impairment review can be found in note 2.

12 Intangible assets - Company

	Goodwill	Development costs	Total
	£	£	£
Cost			
At 1 April 2019	43,424	10,000,000	10,043,424
At 31 March 2020	43,424	10,000,000	10,043,424
At 31 March 2021	43,424	10,000,000	10,043,424
Amortisation and impairment			
At 1 April 2019	43,424	920,455	963,879
Charge for the year	-	400,000	400,000
At 31 March 2020	43,424	1,320,455	1,363,879
Charge for the year	-	400,000	400,000
At 31 March 2021	43,424	1,720,455	1,763,879
Carrying amount			
At 31 March 2021	-	8,279,545	8,279,545
At 31 March 2020	-	8,679,545	8,679,545

Details of above assets can be found in note 11. Details of impairment review can be found in note 2.

13 Property, plant and equipment - Group

	Computer equipment	Research and development equipment	Total
	£	£	£
Cost			
At 1 April 2019	8,337	174,157	182,494
At 31 March 2020	8,337	174,157	182,494
At 31 March 2021	8,337	174,157	182,494
Accumulated depreciation and impairment			
At 1 April 2019	2,065	174,157	176,222
Charge for the year	1,568	-	1,568
At 31 March 2020	3,633	174,157	177,790
Charge for the year	1,176	-	1,176
At 31 March 2021	4,809	174,157	178,966
Carrying amount			
At 31 March 2021	3,528	-	3,528
At 31 March 2020	4,704	-	4,704

14 Property, plant and equipment - Company

	Research and development equipment
	£
Cost	
At 1 April 2019	174,157
At 31 March 2020	174,157
At 31 March 2021	174,157
Accumulated depreciation and impairment	
At 1 April 2019	174,157
At 31 March 2020	174,157
At 31 March 2021	174,157
Carrying amount	
At 31 March 2021	-
At 31 March 2020	-

15 Investments - Company

	Non-current	
	2021	2020
	£	£
Investments in subsidiaries	408,150	408,150
	408,150	408,150

The Company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Investment in subsidiary undertakings

Details of the Company's principal operating subsidiaries are included in note 16.

Impairment of investments

Management have considered various indicators that may suggest that the carrying amount of the investments, may be impaired. The recoverable amount of the investments has been determined to be the value in use based on the cash flows generated from the continuing operations of the entities. In performing this assessment, management has applied the following assumptions and estimates:

- cash flows have been projected over a period of ten years from 31 March 2021, which management considers appropriate due to the long-term nature of the target market and related returns;
- cash inflow projections reflect the following key assumptions:
  - revenues in the short to medium term are based on actual sales, high probability pipeline of potential clients, trials that are currently underway, trial proposed over the next 12 months and orders placed;
  - the growth rate for revenue is projected to be 10% from April 2025 to March 2031.
  - gross margin is expected to be 50% from April 2023 to March 2031.
- cash outflows, include costs such as staff costs are expected to be in the region of £750k during the calendar year 2022, due to the hire of scientific research and development professionals, full time CFO and other administration staff. During 2023 costs are assumed to rise a further 15% due to business expansion. Other costs included in the forecasts are marketing, cost of running trails and public relations costs anda portion has been estimated for one-off costs that may need to be incurred; and
- a pre-tax discount rate of 8% has been applied in discounting cash flows to their present value

16 Subsidiaries

Details of the Company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held Direct	% Held Voting
Sulnox Fuel Fusions Ltd	10 Orange Street, Haymarket, London, WC2H 7DQ	Fuel emulsifier products	Ordinary	100.00	100.00
Sulnox Research & Development Ltd	10 Orange Street, Haymarket, London, WC2H 7DQ	Fuel emulsifier products	Ordinary	100.00	100.00

17 Inventories

	2021	2020
	£	£
Finished goods	119,501	111,438

18 Trade and other receivables - Group

	2021	2020 as restated
	£	£
Trade receivables	92,884	75,630
Provision for bad and doubtful debts	(75,630)	(75,630)
	17,254	-
VAT recoverable	9,313	14,975
Other receivables	-	6,144
Prepayments and accrued income	9,765	30,483
	36,332	51,602

19 Trade and other receivables - Company

	2021	2020
	£	£
VAT recoverable	8,376	14,533
Amounts owed by subsidiary undertakings	594,997	543,613
Other receivables	-	5,312
Prepayments and accrued income	9,766	-
	613,139	563,458

Amounts due from subsidiaries are repayable on demand, unsecured and do not attract any interest.

20 Trade receivables - credit risk

Fair value of trade receivables

The Directors consider that the carrying amount of trade and other receivables for both the Group and Company, is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

Movement in the allowances for doubtful debts - Group	2021	2020
	£	£
Balance at 1 April 2020 and at 31 March 2021	75,630	75,630

21 Trade and other payables - Group

	2021	2020 as restated
	£	£
Trade payables	72,639	6,769
Accruals	69,265	56,277
Social security and other taxation	15,817	1,828
Other payables	103,678	74,453
	261,399	139,327

22 Trade and other payables - Company

	2021	2020
	£	£
Trade payables	69,044	6,715
Accruals	44,960	40,000
Social security and other taxation	18,015	-
Other payables	52,409	2,558
	184,428	49,273

23 Loans - Group

	Current	
	2021	2020
	£	£
Loans held at amortised cost:		
Directors' loans	-	45,000

Loans are classified as current or non-current based on amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date.

Director loans are unsecured, repayable on demand and are not interest bearing.

24 Loans - Company

	Current	
	2021	2020
	£	£
Loans held at amortised cost:		
Directors' loans	-	45,000

Loans are classified as current or non-current based on amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date.

Director loans are unsecured, repayable on demand and are not interest bearing.

25 Fair value of financial liabilities - Group and Company

The Directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements are approximate to their fair values.

26 Liquidity risk

The Group seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs.

27 Market risk

Market risk management

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets	
	2021	2020
	£	£
Trade receivables	17,254	-
	17,254	-

Foreign exchange risk sensitivity analysis

Whilst the Group takes steps to minimise its exposure to foreign exchange risk, changes in foreign exchange rates will have an impact on profit.

The Group's foreign exchange risk is dependent on the movement in the Euro to Sterling exchange rate. The effect of a 5% strengthening in the Euro against Sterling at the reporting date on the Euro denominated receivables would, all other variables being held constant, have resulted in an decreased in the post-tax losses for the year of £863.

A 5% weakening in the exchange rate would, on the same basis, have increased post-tax losses by £863.

28 Retirement benefit schemes

Defined contribution schemes

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £2,950 (2020 - £0).

At the reporting date there were no outstanding pension liabilities (2020: £0).

29 Share-based payment transactions - Group and Company

The Group has an equity settled share based payment plan for certain consultants, employees and directors.

The options issued during the prior year were issued before the initial public offering of the shares on the Aquis Stock Exchange and are exercisable at par value which is £0.02 per share.

The options awarded vest as follows:

700,000 options: on grant
575,000 options: on the Company listing
325,000 options: on achieving certain Group sales targets

The options have no forfeiture provisions

The table below summarises the options granted, exercised, and cancelled during the year.

	Number of share options		Weighted average exercise price	
	2021	2020	2021	2020
			£	£
Outstanding at 1 April 2020	1,600,000	-	0.02	-
Granted in the period	-	1,600,000	-	0.02
Outstanding at 31 March 2021	1,600,000	1,600,000	0.02	0.02
Exercisable at 31 March 2021	1,275,000	1,275,000	0.02	0.02

The options outstanding at 31 March 2021 had an exercise price of £0.02 per share (par value) and a remaining contractual life of 8 years.

The weighted average fair value of the options granted in the prior year on the measurement date was £0.24. The weighted average fair values of the options on the measurement date was £307,439 (2020: £307,439). Fair value was measured using the Black-Scholes option pricing model.

Inputs were as follows:

	2021	2020
Weighted average share price	0.5	0.5
Weighted average exercise price	0.02	0.02
Expected life	10	10
Risk free rate	2.83%	2.83%
Expected dividends yields	-	-

29 Share-based payment transactions - Group and Company

In the prior period the Company was newly listed on a stock exchange and therefore there was a lack of available historic trading data for its shares, volatility was calculated based upon the anticipated volatility of newly listed companies of a similar market capitalisation and number of shareholders.

Options were not granted during in the current year, there were also no changes to the expected number of options issued previously that will eventually become exercised, therefore it is not considered necessary to revalue the options for the current period.

The share-based payment charge for the year was £nil (2020: £307,439).

	2021	2020
	£	**£**
Liabilities		
Liabilities arising from share-based payment transactions	-	307,439

30 Share capital - Company

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of 2p each	85,502,843	84,789,093	1,710,057	1,695,782

The Company has only one class of ordinary share which carries no right to fixed income.

Reconciliation of movements during the year:

	Number
At 1 April 2020	84,789,093
Issue of fully paid shares	713,750
At 31 March 2021	85,502,843

Current year changes to Ordinary share capital

On 19 May 2020 the Company issued 575,000 ordinary shares of 0.02p at a price of £0.40p per share for working capital purposes.

On 2 September 2020 the Company issued 18,750 ordinary shares of 0.02p at a price of £0.40p per share for working capital purposes.

On 12 January 2021 the Company issued 120,000 ordinary shares of 0.02p at a price of £0.4175p per share for working capital purposes.

31 Share premium account

Group and Company	**2021** **£**	**2020** **£**
At the beginning of the year	10,781,690	9,389,155
Issue of new shares	273,325	1,412,185
Share issue expenses	(5,580)	(19,650)
At the end of the year	11,049,435	10,781,690

Share premium represents the premium arising on issue of equity shares, net of issue costs.

32 Share based payment compensation reserve

	£
Balance at 1 April 2019	-
Additions	307,439
Balance at 31 March 2020	307,439
Balance at 31 March 2021	307,439

The share-based compensation reserve represents the credit to equity in respect of outstanding share based payment awards in accordance with IFRS 2.

33 Retained earnings

	2021 **£**	**2020** **£**
At the beginning of the year	(4,197,992)	(2,319,718)
Prior year adjustment (note 41)	165,113	89,630
As restated	(4,032,879)	(2,230,088)
Profit for the year	(823,240)	(1,802,791)
At the end of the year	(4,856,119)	(4,032,879)

The retained earnings reserve represents all current and prior period cumulative profits and losses.

34 Capital commitments

At 31 March 2021 the Group and Company had no capital commitments.

35 Capital risk management

The Group and Company are not subject to any externally imposed capital requirements.

36 Events after the reporting date

On the 19 April 2021, SulNOx Group PLC met the criteria to become designated on the Apex segment of the AQSE (Aquis Stock Exchange) growth market, previously SulNOx Group PLC traded on the Access segment of the AQSE growth market.

On 13 July 2021 the Company issued a further 8,630,000 ordinary shares of 0.02p at a price of £0.3 per share for working capital purposes.

There are no additional significant post balance sheet events.

37 Related party transactions

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Company, is set out on page 38 as well as on the Director's report on page 7.

Group

Other transactions with directors and former directors

Former Director Mr G Bostock, who resigned from his directorships on 22nd July 2019, was reappointed as a Director of Sulnox Fuel Fusions Ltd on 4th December 2020.

During the year Sulnox Fuel Fusions Ltd sold stock to Mr G Bostock totalling £12,175 (2020: £nil). At the reporting date there was a balance owed by the Group to Mr G Bostock of £64 (2020: £14,939).

During the prior period Mr G Bostock converted debt into equity in the Company on 17th December 2019. The debt cancelled was £101,600.

Former Director Mr R Weinberg, who resigned from his directorship on 31st May 2019, also converted debt into equity in the Company on 17th December 2019. The debt cancelled was £102,600. In the current period, Mr R Weinberg paid expenses on behalf of the Group totalling £9,216 (2020: £nil). At the reporting date there was a balance owed to Mr R Weinberg of £16,465 (2020: £15,175).

During the prior year, expenses totalling £47,313 were paid to Mr J Redman who is the son of Mr J Redman MBE, a former Director in SulNOx Group PLC, he resigned from his directorship on 12 November 2018. These expenses related to consultancy fees and at the period end £41 (2020: £4,363) remained outstanding to Mr J Redman.

Also during the period, expenses totalling £nil (2020: £17,059) were paid to former Director Mr N Nelson, who resigned from his directorship on 4th December 2020. These expenses related to consultancy fees and were incurred prior to Mr N Nelson becoming a Director. There were no balances outstanding at the current or prior reporting date.

A former Director of the Company, director Mr S Bamford, who resigned from his directorship on the 28th May 2020, made advances to the Group totalling £30,500 . At the reporting date £18,000 (2020: £30,500) remained outstanding to Mr S Bamford.

During the year expenses totalling £36,300 (2020: £7,626) were incurred by Soncer Limited, a company controlled by former Director Mr G Lyon. Mr G Lyon who was appointed as a Director on 17th December 2019 and resigned on 23rd October 2020. These expenses related to consultancy fees and at the reporting date £nil (2020: £nil) remained outstanding to Soncer Limited.

Expenses totalling £19,536 (2020: £8,960) were paid to Danders & More, an entity registered in Denmark controlled by former Director Ms I Petersen. Ms I Peterson resigned from her directorship on 23rd October 2020. These expenses related to legal and professional fees, at the reporting date £nil (2020: £nil) remained outstanding to Ms I Petersen

Expenses totalling £10,000 (2020: £nil) were incurred from Director Mr R Florescu who was appointed on 4th December 2020. These expenses related to consultancy fees and at the reporting date £10,000 (2020: £nil) remained outstanding to Mr R Florescu.

Expenses totalling £9,780 (2020: £16,664) were incurred from Director Mr A Granger who was was appointed as a Director on 4th December 2020. These expenses related to consultancy fees (£9,500) and reimbursed costs (£280). At the reporting date there were no liabilities outstanding to Mr A Granger (2020: £nil).

37 Related party transactions

Expenses totalling £7,500 (2020: £nil) were paid to Resource Solutions Limited, a company controlled by Director Mr N Armitt. Mr N Armitt was appointed as a Director on 4th December 2020. These expenses related to consultancy fees and at the reporting date £7,000 (2020: £nil) was outstanding.

Consultancy fees totalling £6,658 (2020: £nil) were incurred from Director Mr B Richardson, who was appointed on 23rd February 2021. These fees were incurred prior to Mr B Richardson's directorship. At the reporting date £6,658 was outstanding (2020: £nil). Included in creditors are unpaid salaries also owed to Mr B Richardson totalling £2,959 (2020: £nil).

The Group also incurred consultancy fees totalling £6,668 (2020: £nil) from Noy Consulting Limited, a company controlled by Director Ms K Robinson who was appointed as a Director on 4th December 2020. At the reporting date £3,334 remained outstanding (2020: £nil).

At the prior reporting date unpaid salaries were payable to director Mr S Retter and Mr Nelson totalling £14,000 (2020: £nil) and £7,500 (2020: £nil) respectively. These amounts were included in creditors as directors' loans.

Company

Included in Trade and Other Receivables are amounts owed from subsidiaries totalling £594,997 (2020: £543,613). During the year the Company made loans to its subsidiaries totalling £51,384 (2020: £370,548). Amounts due from subsidiaries are repayable on demand, unsecured and do not attract any interest.

Former Director Mr G Bostock, who resigned from his directorships on 22nd July 2019, was reappointed as a Director of Sulnox Fuel Fusions Ltd on 4th December 2020. During the prior period Mr G Bostock converted debt into equity in the Company on 17th December 2019. The debt cancelled was £101,600.

Former Director Mr R Weinberg, who resigned from his directorship on 31st May 2019, also converted debt into equity in the Company on 17th December 2019. The debt cancelled was £102,600.

A former Director of the Company, director Mr S Bamford, who resigned from his directorship on the 28th May 2020, made advances to the Company totalling £23,500. At the reporting date £18,000 (2020: £23,500) remained outstanding to Mr S Bamford.

During the year expenses totalling £36,300 (2020: £7,626) were incurred by Soncer Limited, a company controlled by former Director Mr G Lyon. Mr G Lyon who was appointed as a Director on 17th December 2019 and resigned on 23rd October 2020. These expenses related to consultancy fees and at the reporting date £nil (2020: £nil) remained outstanding to Soncer Limited.

Expenses totalling £19,536 (2020: £8,960) were paid to Danders & More, an entity registered in Denmark controlled by former Director Ms I Petersen. Ms I Peterson resigned from her directorship on 23rd October 2020. These expenses related to legal and professional fees, at the reporting date £nil (2020: £nil) remained outstanding to Ms I Petersen

Expenses totalling £10,000 (2020: £nil) were incurred from Director Mr R Florescu who was appointed on 4th December 2020. These expenses related to consultancy fees and at the reporting date £10,000 (2020: £nil) remained outstanding to Mr R Florescu.

Expenses totalling £9,780 (2020: £nil) were incurred from Director Mr A Granger who was was appointed as a Director on 4th December 2020. These expenses related to consultancy fees (£9,500) and reimbursed costs (£280). At the reporting date there were no liabilities outstanding to Mr A Granger (2020: £nil).

Expenses totalling £7,500 (2020: £nil) were paid to Resource Solutions Limited, a company controlled by Director Mr N Armitt. Mr N Armitt was appointed as a Director on 4th December 2020. These expenses related to consultancy fees and at the reporting date £7,000 (2020: £nil) was outstanding.

37 Related party transactions

Consultancy fees totalling £6,658 (2020: £nil) were incurred from Director Mr B Richardson, who was appointed on 23rd February 2021. These fees were incurred prior to Mr B Richardson's directorship. At the reporting date £6,658 was outstanding (2020: £nil). Included in creditors are unpaid salaries also owed to Mr B Richardson totalling £2,959 (2020: £nil).

The Company also incurred consultancy fees totalling £6,668 (2020: £nil) from Noy Consulting Limited, a company controlled by Director Ms K Robinson who was appointed as a Director on 4th December 2020. At the reporting date £3,334 remained outstanding, (2020: £nil).

38 Controlling party

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

39 Cash absorbed by operations - Group

	2021	2020 as restated
	£	£
Loss for the year after tax	(823,241)	(1,802,791)
Adjustments for:		
Taxation credited	(32,462)	(11,593)
Amortisation and impairment of intangible assets	400,546	408,197
Depreciation and impairment of property, plant and equipment	1,176	1,568
Equity settled share based payment expense	-	307,439
Movements in working capital:		
Increase in inventories	(8,063)	(111,438)
Decrease/(increase) in trade and other receivables	15,270	(42,304)
Increase/(decrease) in trade and other payables	122,072	(265,438)
Cash absorbed by operations	(324,702)	(1,516,360)

40 Cash absorbed by operations - Company

	2021	2020
	£	£
Loss for the year after tax	(791,786)	(1,571,960)
Adjustments for:		
Amortisation and impairment of intangible assets	400,000	400,000
Equity settled share based payment expense	-	307,439
Movements in working capital:		
Increase in trade and other receivables	(49,681)	(386,783)
Increase/(decrease) in trade and other payables	135,155	(135,727)
Cash absorbed by operations	(306,312)	(1,387,031)

41 Prior period adjustment

Reconciliation of changes in equity

	Notes	31 March 2020 £
Equity as previously reported		8,586,919
Adjustments to prior year		
Decrease accrued commissions		45,000
Increase commissions receivable		30,483
Accounts payable not due		89,630
Equity as adjusted		8,752,032

Reconciliation of changes in loss for the previous financial period

	Notes	2020 £
Loss as previously reported		(1,878,274)
Adjustments to prior year		
Decrease accrued commissions		45,000
Increase commissions receivable		30,483
Loss as adjusted		(1,802,791)